

ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)
)
Federal-State Joint Board on)
Universal Service)
)
Guam Cellular and Paging, Inc. d/b/a)
Saipancell)
)
Petition for Designation as an)
Eligible Telecommunications Carrier)
on the island of Saipan)
in Commonwealth of the Northern)
Mariana Islands)

CC Docket No. 96-45/

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

To: Common Carrier Bureau

**Petition for Designation as an Eligible Telecommunications Carrier
on the Island of Saipan**

Guam Cellular and Paging, Inc. d/b/a Saipancell ("Saipancell"), by counsel and pursuant to 49 U.S.C. 214(e)(6), hereby petitions the Commission for designation of Saipancell as an Eligible Telecommunications Carrier ("ETC") throughout its licensed service area on the island of Saipan in the Northern Mariana Islands. As demonstrated below, Saipancell meets all the statutory and regulatory prerequisites for ETC designation, and designating Saipancell as an ETC will serve the public interest.

I. Saipancell's Universal Service Offering

Saipancell is licensed to provide cellular radiotelephone service on frequency block A in the Northern Mariana Islands RSA and currently operates cell sites capable of serving the island of Saipan. The Company intends to obtain high cost loop support funding in order to speed the

delivery of advanced wireless services to Saipan's citizens. As an ETC, Saipancell will also offer a basic universal service package to subscribers who are eligible for Lifeline support. Saipancell believes that its service offering will be competitive with those of the incumbent wireline carrier.

Saipancell currently provides all the services and functionalities supported by the federal universal service program, enumerated in Section 54.101(a) of the Commission's Rules, throughout its cellular service area in Saipan. Upon designation as an ETC, Saipancell will make available to consumers a universal service offering over its cellular network infrastructure, using the same antenna, cell-site, tower, trunking, mobile switching, and interconnection facilities used by the company to serve its existing conventional mobile cellular service customers. Saipancell will provide service to any customer requesting this service within the designated service area.

II. Saipancell satisfies all the statutory and regulatory prerequisites for designation as an ETC

Saipancell satisfies each of the five elements required for ETC designation by the FCC pursuant to Section 214(e)(6) set forth in the FCC's *Section 214(e)(6) Public Notice*¹, as shown below.

A. The Commonwealth Utilities Corporation has provided an affirmative statement that it does not regulate CMRS carriers.

As a CMRS carrier, Saipancell is entitled to seek designation as an ETC.² Section 254(e) of the Communications Act of 1934 ("Act"), 47 U.S.C. §254(e), provides that "only an eligible

¹ *Procedures for FCC Designation of Eligible Telecommunications Carriers Pursuant to Section 214(e)(6) of the Communications Act, Public Notice*, 12 FCC Rcd 22947 (1997) ("*Section 214(e)(6) Public Notice*").

² *See Federal-State Joint Board on Universal Service, CC Docket No. 96-45, First Report and Order*, 12 FCC Rcd 8776, 8858-59 (1997) ("*Universal Service Order*").

telecommunications carrier designated under section 214(e) shall be eligible to receive specific Federal universal service support.” 47 U.S.C. §214(e). Pursuant to 47 U.S.C. §214(e)(6), the Commission may, upon request, designate as an ETC “a common carrier providing telephone exchange service and exchange access that is not subject to the jurisdiction of a State Commission.”

In the *Section 214(e)(6) Public Notice*, the Commission established that a carrier must demonstrate it “is not subject to the jurisdiction of a state commission.”³ In its *Twelfth Report and Order* in this docket, the Commission stated that where a carrier provides the Commission with an “affirmative statement” from the state commission or a court of competent jurisdiction that the state lacks jurisdiction to perform the designation, the Commission would consider requests filed pursuant to 214(e)(6).⁴

Saipancell recently consulted with the Commonwealth Utilities Corporation (“CUC”) concerning its jurisdiction over commercial mobile radio service carriers. After considering the matter, the CUC sent a letter to Saipancell explaining that the CUC does not regulate commercial mobile radio and paging services. The letter states that, “CUC has no objection to the federal government processing the Eligible Telecommunications Carrier application.” See Exhibit A. The PUC has clearly waived its jurisdiction over designating CMRS carriers as ETCs. Accordingly, Saipancell requests ETC designation as “a common carrier providing telephone

³ *Section 214(e)(6) Public Notice*, at 22948.

⁴ *Federal-State Joint Board on Universal Service; Promoting Deployment and Subscribership in Unserved and Underserved Areas, Including Tribal and Insular Areas, Twelfth Report and Order, and Further Notice of Proposed Rulemaking*, 15 FCC Rcd 12208, at 12264 (2000).

exchange service and exchange access that is not subject to the jurisdiction of a State commission.” 47 C.F.R. §214(e)(6).

B. Saipancell offers all of the services supported by the federal high-cost universal service program.

In order to be designated as an ETC, a carrier must be a common carrier and must offer and advertise the supported services throughout the designated service area. 47 U.S.C. §214(e)(1). According to the *Section 214(e)(6) Public Notice*, a certification that the carrier provides each of the supported services is required.⁵ As shown below and in the Declaration attached as Exhibit B hereto, Saipancell now provides or will provide, upon designation, the required services.

The FCC has identified the following services and functionalities as the core services to be offered by an ETC and supported by federal universal service support mechanisms:

1. voice-grade access to the public switched telephone network;
2. local usage;
3. dual tone multi-frequency signaling or its functional equivalent;
4. single-party service or its functional equivalent;
5. access to emergency services;
6. access to operator services;
7. access to interexchange service;
8. access to directory assistance; and
9. toll limitation for qualifying low-income consumers.

47 C.F.R. § 54.101(a). Saipancell intends to offer all of these services as required.

1. Voice-grade access to the public switched telephone network. The FCC concluded that voice-grade access means the ability to make and receive phone calls, within a bandwidth of

⁵ *Section 214(e)(6) Public Notice*, at 22948.

approximately 2700 Hertz within the 300 to 3000 Hertz frequency range.⁶ Saipancell meets this requirement by providing voice-grade access to the public switched telephone network. Through its interconnection arrangements with the Micronesian Telephone Corporation, all customers of Saipancell are able to make and receive calls on the public switched telephone network within the specified bandwidth.

2. Local Usage. Beyond providing access to the public switched network, an ETC must include local usage as part of a universal service offering. To date, the FCC has not quantified a minimum amount of local usage required to be included in a universal service offering, but has initiated a separate proceeding to address this issue.⁷ As it relates to local usage, the NPRM sought comments on a definition of the public service package that must be offered by all ETCs. Specifically, the FCC sought comments on how much, *if any*, local usage should be required to be provided to customers as part of a universal service offering.⁸ In the *Universal Service Order*, the FCC deferred a determination on the amount of local usage that a carrier would be required to provide.⁹ Any minimum local usage requirement established by the FCC as a

⁶ *Universal Service Order*, at 8810-11.

⁷ See *Federal-State Joint Board on Universal Service, Memorandum Opinion and Order and Further Notice of Proposed Rulemaking*, 13 FCC Rcd 21252 (1998) (“October 1998 NPRM”).

⁸ *October 1998 NPRM*, at 21277-21281.

⁹ *Universal Service Order*, at 8813. See also, *Federal-State Joint Board on Universal Service; Western Wireless Corporation Petition for Designation as an Eligible Telecommunications Carrier In the State of Wyoming, Memorandum Opinion and Order*, 16 FCC Rcd 48, 52-53 (2000), *aff'd*, *Petitions for Reconsideration of Western Wireless Corporation's Designation as an Eligible Telecommunications Carrier in the State of Wyoming, Order on Reconsideration*, CC Docket No. 96-45, FCC 01-311 (October 19, 2001);

result of the *October 1998 NPRM* will be applicable to all designated ETCs, not simply wireless service providers. Saipancell will comply with any and all minimum local usage requirements adopted by the FCC. Saipancell will meet the local usage requirements by including local usage as part of a universal service offering.

3. Dual-tone, multi-frequency (“DTMF”) signaling, or its functional equivalent.

DTMF is a method of signaling that facilitates the transportation of call set-up and call detail information. Consistent with the principles of competitive and technological neutrality, the FCC permits carriers to provide signaling that is functionally equivalent to DTMF in satisfaction of this service requirement. 47 C.F.R. § 54.101(a)(3). Saipancell currently uses out-of-band digital signaling and in-band multi-frequency (“MF”) signaling that is functionally equivalent to DTMF signaling. Saipancell therefore meets the requirement to provide DTMF signaling or its functional equivalent.

4. Single-party service or its functional equivalent. “Single-party service” means that only one party will be served by a subscriber loop or access line in contrast to a multi-party line.¹⁰ The FCC concluded that a wireless provider offers the equivalent of single-party service when it offers a dedicated message path for the length of a user’s particular transmission.¹¹ Saipancell meets the requirement of single-party service by providing a dedicated message path for the length of all customer calls.

Cellco Partnership d/b/a Bell Atlantic Mobile Petition for Designation as an Eligible Telecommunications Carrier, Memorandum Opinion and Order, 16 FCC Rcd 39, 42 (2000).

¹⁰*Universal Service Order*, at 8810.

¹¹*Id.*

5. Access to emergency services. The ability to reach a public emergency service provider by dialing 911 is a required service in any universal service offering. Phase I E911, which includes the capability of providing both automatic numbering information (“ANI”) and automatic location information (“ALI”), is only required if a public emergency service provider makes arrangements with the local provider for the delivery of such information.¹² Saipancell currently provides all of its customers with access to emergency service by dialing 911 in satisfaction of this requirement. To date, no public emergency service provider in Saipan has requested E-911 service from Saipancell.

6. Access to operator services. Access to operator services is defined as any automatic or live assistance provided to a consumer to arrange for the billing or completion, or both, of a telephone call.¹³ Saipancell meets this requirement by providing all of its customers with access to operator services provided by either the Company or other entities (*e.g.*, LECs, IXC, etc.)

7. Access to interexchange service. A universal service provider must offer consumers access to interexchange service to make and receive toll or interexchange calls. Equal access, however, is not required. “The FCC do[es] not include equal access to interexchange service among the services supported by universal service mechanisms.”¹⁴ Saipancell presently meets this requirement by providing all of its customers with the ability to make and receive

¹² *See Id.*, at 8815-17.

¹³ *Id.*, at 8817-18.

¹⁴ *Id.*, at 8819.

interexchange or toll calls through direct interconnection arrangements the Company has with several IXC's. Additionally, customers are able to reach their IXC of choice by dialing the appropriate access code.

8. Access to directory assistance. The ability to place a call to directory assistance is a required service offering.¹⁵ Saipancell meets this requirement by providing all of its customers with access to directory assistance by dialing "411" or "555-1212".

9. Toll limitation for qualifying low-income consumers. An ETC must offer either "toll control" or "toll blocking" services to qualifying Lifeline customers at no charge. The FCC does not require an ETC to provide both services as part of the toll limitation service required under 47 C.F.R. § 54.101(a)(9).¹⁶ In particular, all ETCs must provide toll blocking, which allows customers to block the completion of outgoing toll calls.¹⁷ Saipancell currently has no Lifeline customers because only carriers designated as an ETC can participate in Lifeline. *See* 47 C.F.R. §§ 54.400-415. Once designated as an ETC, Saipancell will participate in Lifeline as required, and will provide toll blocking capability in satisfaction of the FCC's requirement. Today, the Company provides toll-blocking services for international calls and customer selected toll calls. Accordingly, Saipancell currently has the technology to provide toll blocking and will use this technology to provide the service to its Lifeline customers, at no charge, as part of its

¹⁵ *Id.*, at 8821.

¹⁶ *See Universal Service Fourth Order on Reconsideration in CC Docket No. 96-45, Report and Order in CC Docket Nos. 96-45, 96-262, 94-1, 91-213, 95-72, 13 FCC Rcd 5318 (Dec. 30, 1997).*

¹⁷ *Universal Service Order*, at 8821-22.

universal service offerings.

C. Saipancell will offer supported services through its own facilities.

The Commission's *Section 214(e)(6) Public Notice* established that a carrier requesting designation must certify that it offers the supported services "either using its own facilities or a combination of its own facilities and resale of another carrier's services."¹⁸ Saipancell will provide the supported services using its existing network infrastructure, which includes the same antenna, cell-site, tower, trunking, mobile switching, and interconnection facilities used by the company to serve its existing conventional mobile cellular service customers. *See also* Exhibit B hereto.

D. Saipancell will advertise its Universal Service offering.

Saipancell will advertise the availability of the supported services and the corresponding charges in a manner that fully informs the general public within the designated service area of the services and charges.¹⁹ Saipancell currently advertises its wireless services through several different media, including newspaper, television, and radio. Saipancell will use the same media of general distribution that it currently employs to advertise its universal service offerings throughout the service areas designated by the Commission. Saipancell will comply with all form and content requirements, if any, promulgated by the FCC in the future and required of all designated ETCs.

¹⁸ *Section 214(e)(6) Public Notice*, at 22949.

¹⁹ *See Section 214(e)(6) Public Notice*, at 22949.

III. Saipancell requests designation throughout the Island of Saipan

Saipancell is not a “rural telephone company” as that term is defined by 47 U.S.C. 153(37). Accordingly, Saipancell is required to describe the geographic area in which it requests designation.²⁰ Saipancell hereby requests ETC designation for the island of Saipan in the Northern Mariana Islands RSA, CMA 734.

IV. The Service Area of the Micronesian Telephone Corporation should be redefined to enable Saipancell to be designated as an ETC for the island of Saipan

The LEC which serves the Commonwealth of the Northern Mariana Islands is the Micronesian Telephone Corporation (“MTC”), which is classified as a rural LEC.²¹ With respect to service areas of rural LECs, Section 54.207(b) of the FCC’s Rules provides:

In the case of a service area served by a rural telephone company, service area means such company’s “study area” unless and until the Commission and the states, after taking into account recommendations of the Federal-State Joint Board instituted under Section 410(c) of the Act, establish a different definition of service area for such company.

47 C.F.R. §54.207(b).

A total of fourteen islands comprise the Northern Marianas chain. The three largest islands - Saipan, Rota, and Tinian - are the most densely populated and are considered to be the “main islands”. Of these three, however, Saipan is clearly the most populated. According to 2000 U.S. Census Data, the population of the U.S. Commonwealth of the Northern Marianas is

²⁰ *Id.*, at 22949.

²¹ The Micronesian Telephone Company is a subsidiary of Verizon.

69,221, and the population of Saipan, which is 62,393, accounts for over 90% of the population.²² Of the three main islands in the chain, Saipancell is currently capable of providing full coverage to the population on the island of Saipan only. Accordingly, Saipancell is requesting ETC status only for the island of Saipan.

Saipancell provides partial coverage to the island of Tinian and does not yet provide coverage to Rota. Tinian has a population of 3,540 and Rota has a population of 3,283.²³ MTC, the ILEC in the Northern Mariana Islands, itself serves only the three “main islands” of Saipan.²⁴ The remaining eleven islands in the Marianas chain are either completely uninhabited or have very small populations. Six of the islands - Aguijan, Asuncion, Guguan, Maug, Sariguan, and Uracas, are maintained as uninhabited. No permanent structures can be built and no persons can live on the islands except as necessary to preserve the natural setting of these islands. There are small populations on Pagan and Anatahan. The remaining islands in the northern part of the chain - Agrihan, Alamagan, and Farallon De Medinilla - are scarcely populated and have topographical barriers including volcanos, gorges, and rocky cliffs.

Given the unique geography of the Northern Mariana Islands RSA, the service area of

²² See Census Bureau Releases Census 2000 Population Counts for the Commonwealth of the Northern Mariana Islands, Press Release, July 3, 2001, <http://www.census.gov/Press-Release/www/2001/cb01cn173.html>. With a population of 62,392 and a land area of just 46.5 square miles, Saipan has around 1,342 people per square mile. The rest of the population is spread primarily over the islands of Tinian and Rota, making the population density of those two islands about 100 people per square mile (based on population of 7,000 over 72 total square miles).

²³ *Id.* Two-thirds of Tinian is maintained by the U.S. military.

²⁴ MTC has five wire centers on Saipan, one wire center on the island of Tinian, and one wire center on the island of Rota.

MTC lends itself to being redefined by island in accordance with FCC rule section 54.207(c)(1). Under this provision a state commission or other party may file a Petition with the Commission seeking the Commission's agreement with an alternative "service area" definition.²⁵ Accordingly, pursuant to 47 C.F.R. 54.207(c), Saipancell seeks the FCC's approval to disaggregate the service area of MTC by island.

FCC Rule Section 54.207(c)(1) sets forth the procedures that must be followed in order to request that a rural service area be redefined. A petition to the FCC must contain, "an analysis that takes into account the recommendations of any Federal-State Joint Board convened to provide recommendations with respect to the definition of a service area served by a rural telephone company." 47 C.F.R. §54.207(c)(1). As explained above, the Commonwealth Utilities Corporation has determined it does not have jurisdiction to designate Saipancell as an ETC. Accordingly, the FCC has jurisdiction to consider a redefinition of the ILEC service area in the Northern Mariana Islands without additional input from the state commission.

The FCC has already recognized the need to disaggregate rural study areas for purposes of calculating Universal Service funding. The FCC recently adopted a plan for disaggregation of rural LEC study areas in its *Fourteenth Report and Order*, noting that such action "achieves a reasonable balance between rural carriers' needs for flexibility and the Commission's goal of encouraging competitive entry."²⁶ In the instant case, disaggregation for ETC purposes is

²⁵47 C.F.R. §54.207(c)(1).

²⁶ *Federal-State Joint Board on Universal Service, Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, Fourteenth Report and Order*, FCC 01-157, Docket 96-45, 23 CR 1338, 1381 (May 23, 2001) ("*Fourteenth Report and Order*").

necessary in order to facilitate competitive entry.

In considering a redefinition of the rural LEC service area, the FCC must take into account the recommendations of the Federal-State Joint Board on Universal Service. In the Recommended Decision which laid the foundation for the FCC's *First Report and Order*, the Federal-State Joint Board enumerated three factors to be considered when redefining a rural service area.²⁷

First, the Joint Board advised the state commission to consider whether the competitive carrier is attempting to "cream skim" by only proposing to serve the lowest cost exchanges.²⁸

As a small cellular telephone company licensed to serve the Northern Mariana Islands, Saipancell's first priority was to provide service to Saipan, where approximately 90% of the population is located. Saipancell's proposed ETC area is based solely on Saipancell's cellular coverage area. Saipancell is not picking and choosing the lowest cost exchanges.

Second, the Joint Board urged the Commission to consider the rural carrier's special status under the Telecommunications Act of 1996.²⁹ In deciding whether to award ETC status to Saipancell, the Commission will weigh numerous factors and will consider how the public interest is affected by an award of ETC status pursuant to 47 U.S.C. § 214(e)(2). Congress mandated this public interest analysis in order to protect the special status of rural carriers in the same way it established special considerations for rural carriers with regard to interconnection, unbundling,

²⁷ *Federal-State Joint Board on Universal Service, Recommended Decision*, 12 FCC Rcd 87 (1996).

²⁸ *Recommended Decision*, 12 FCC Rcd 87, at 180.

²⁹ *Id.*

and resale requirements.³⁰ Accordingly, if the Commission finds that Saipancell's ETC designation is in the public interest, it has duly recognized the special status of the rural carrier for purposes of determining whether Saipancell's service area designation should be adopted for federal universal service funding purposes. No action in this proceeding will affect or prejudice any future action this Commission or the Commonwealth Utilities Commission may take with respect to the LECs' status as a rural telephone company.

Finally, the Federal-State Joint Board recommended that the FCC consider the administrative burden a rural LEC would face by calculating its costs on a basis other than its study area.³¹ As a general rule, incumbent LECs calculate their costs at the wire center level. Under the current federal high cost support program, such costs are then averaged so that the LEC receives a single dollar amount in high cost support per subscriber throughout its entire service area. As a result, the LEC receives more support than is needed to serve lower cost portions of its service area and less support than is needed to serve high cost portions of its service area. Disaggregating along island boundaries will more accurately reallocate support to the highest cost areas. Saipancell is proposing that the service area of MTC be redefined along island boundaries. Under this proposal, the five wire centers on Saipan would be disaggregated into a single service area, and each wire center on Rota and Tinian would be designated as a separate service area.

Separating Saipan from Rota and Tinian for purposes of disaggregation is appropriate in this case because each island is a separate wire center. Since carriers already calculate costs at

³⁰ *Id.*

³¹ *Id.*

the wire center level, there should be minimal additional administrative burden as a result of this disaggregation at the wire center level.

In its *Fourteenth Report and Order*, the FCC estimated that a state or carrier requesting disaggregation into zones below the wire center level would incur 60 hours of additional burden in the first year and 8 hours in subsequent years.³² The FCC found those burdens to be negligible. Accordingly, there can be no reasonable argument that disaggregation at the wire center level would impose any significant administrative burden.

Disaggregation would be consistent with FCC policy and with action taken in other ETC proceedings. Late last year, the FCC adopted an order granting Western Wireless ETC status in Wyoming in which it defined Western's ETC service area to include part, but not all, of the incumbent rural LEC service area. In that case, large sections of rural LEC service area were excluded from the competitive ETC service area.³³ Further, thus far, the FCC has not disagreed with a state's recommended ETC service area definition in those cases where a state has deemed disaggregation appropriate during an ETC determination.³⁴

³² *Fourteenth Report and Order* at ¶231.

³³ *Western Wireless Corporation Petition for Designation as an Eligible Telecommunications Carrier in the State of Wyoming*, 16 FCC Rcd 48 (December 26, 2000).

³⁴ See, e.g., *Minnesota Public Utilities Commission, Petition for Agreement with Change in Definition of Frontier Communications of Minnesota, Inc.'s Service Area*, CC Docket 96-45, filed October 26, 2000; *Petition of Smith Bagley, Inc. to Redefine Local Exchange Carrier Service Area Definition of Navajo Communications Company, Citizens Communications of the White Mountains and CenturyTel of the Southwest, Inc. Within the State of Arizona*, CC Docket 96-45, filed February 1, 2001; *Petition of Smith Bagley, Inc. To Redefine the Service Area of Table Top Telephone Company on Tribal Lands within the State of Arizona*, CC Docket 96-45, filed March 28, 2001.

V. Designation of Saipancell is in the Public Interest.

Before designating an additional ETC for an area served by a rural telephone company, the Commission must find that the designation is in the public interest. 47 U.S.C. §214(e)(6). Because Saipancell is seeking designation in areas served by a rural local exchange carrier (MTC), the FCC must consider public interest factors prior to designating Saipancell as an ETC.

Designating Saipancell as an ETC on the island of Saipan would further the public interest by bringing the benefits competition to an underserved marketplace. Competition and the effects of competition are in the public interest. In fact, one of the underlying purposes of the Telecommunications Act of 1996 was to “promote competition and reduce regulation in order to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies.”³⁵ Competition drives down prices and promotes the development of advanced services. The Commission recognized this fact in its decision to designate Western Wireless as an ETC in the State of Wyoming. In that proceeding, the Commission observed, “Designation of competitive ETCs promotes competition and benefits consumers in rural and high-cost areas by increasing customer choice, innovative services, and new technologies.”³⁶ More recently, in designating Guam Cellular and Paging, Inc. d/b/a Guamcell as an ETC in the territory of Guam, the Commission held “we find that the designation of Guamcell as an ETC in the area served by the rural telephone company in Guam

³⁵ Telecommunications Act of 1996, Public Law, 104-104, 100 Stat. 56 (1996).

³⁶ *Federal-State Joint Board on Universal Service, Western Wireless Corporation Petition for Designation as an Eligible Telecommunications Carrier in the State of Wyoming, Memorandum Opinion and Order*, CC Docket 96-45, DA 00-2896, 2000 FCC Lexis 6745 (December 26, 2000) at ¶ 17.

serves the public interest by promoting competition and the provision of new technologies to consumers in high cost and rural areas of Guam.”³⁷

Designating Saipancell as an ETC will bring to consumers the benefits of competition, including increased choices, higher quality service, and lower rates. In a competitive market, rural consumers will be able to choose the services that best meet their communications needs. Without a choice of service providers, the consumer is unable to select a provider based on service quality, service availability, and rates. Without competition, the incumbent provider has little or no incentive to introduce new, innovative, or advanced service offerings.

The public interest standard under Section 214(e)(2) for designating ETCs in territories served by rural telephone companies emphasizes competition and consumer benefit, not incumbent protection. In considering the impact that Western Wireless’ ETC designation would have on rural telephone companies the Commission said, “[W]e believe that competition may provide incentives to the incumbent to implement new operating efficiencies, lower prices, and offer better service to its customers.”³⁸ Designating Saipancell as an ETC would give those in rural areas advanced telecommunications options.

VI. Anti-drug abuse certification

Saipancell certifies that no party to this Petition is subject to a denial of federal benefits, including FCC benefits, pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C.

³⁷ *Guam Cellular and Paging, Inc. d/b/a Guamcell Communications Petition for Designation as an Eligible Telecommunications Carrier In the Territory of Guam, Memorandum Opinion and Order*, CC Docket 96-45, DA 02-174, January 25, 2002.

³⁸ *Id.*, at ¶ 22.

§862. *See* Exhibit C hereto.

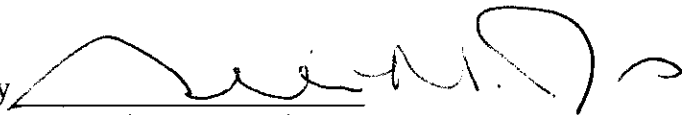
VII. Conclusion

Saipancell respectfully requests the Commission to designate it as an ETC on an expedited basis.

Respectfully submitted,

Guam Cellular and Paging, Inc.

By

A handwritten signature in black ink, appearing to read "David A. LaFuria", written over a horizontal line.

David A. LaFuria
Allison M. Jones

Its Attorneys

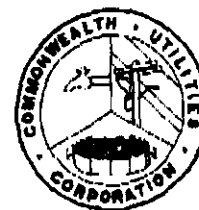
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(202) 857-3500

February 19, 2002

EXHIBIT A



Commonwealth Utilities Corporation
Board of Directors



May 22, 2001

Mr. Hans W. Mickelson
General Manager
SaipanCell Communications
Caller Box AAA 198 Box 10001
Saipan, MP 96950

Dear Mr. Mickelson:

I am writing to confirm that the Commonwealth Utilities Corporation, the local public utility commission, does not regulate commercial mobile radio services and paging services. SaipanCell Communications is not regulated by CUC.

Furthermore, CUC has no objection to the federal government processing the Eligible Telecommunications Carrier application.

Sincerely,

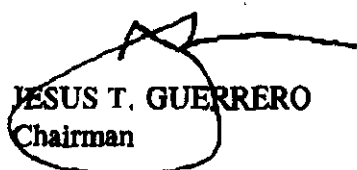

JESUS T. GUERRERO
Chairman

EXHIBIT B

DECLARATION UNDER PENALTY OF PERJURY

I, Mark Chamberlin, do hereby declare under penalty of perjury as follows:

1. I am the President of Guam Cellular and Paging, Inc. d/b/a Saipancell in the municipality of Saipan.

2. This Affidavit is submitted in support of Saipancell's Petition for Designation as an Eligible Telecommunications Carrier ("ETC").

3. Saipancell currently provides cellular service throughout the island of Saipan in the Commonwealth of the Northern Mariana Islands, including the areas comprising its requested designated service area.

4. As a carrier not subject to state commission jurisdiction in the Commonwealth of the Northern Mariana Islands, Saipancell is seeking designation as an ETC under Section 214(e)(6).

5. Saipancell meets the criteria for ETC designation as explained herein.

6. Saipancell is a "common carrier" for purposes of obtaining ETC designation pursuant to 47 U.S.C. §214(e)(1). A "common carrier" is generally defined in 47 U.S.C. §153(10) as a person engaged as a common carrier on a for-hire basis in interstate communications by wire or radio. Section 20.9(a)7 of the Commission's Rules provide that cellular service is a common carrier service. *See* 47 C.F.R. § 20.9(a)(7).

7. Saipancell currently offers and is able to provide, within its designated service areas, the services and functionalities identified in 47 C.F.R. §54.101(a). Each of these services and functionalities is discussed more fully below.

a. Voice-grade access to the public switched telephone network. The FCC concluded that voice-grade access means the ability to make and receive phone calls, within a bandwidth of approximately 2700 Hertz within the 300 to 3000 Hertz frequency range. *See Federal-State Joint Board on Universal Service, CC Docket No. 96-45, First Report and Order*, 12 FCC Rcd 8776, 8810-11 (1997) ("*Universal Service Order*"). Saipancell meets this requirement by providing voice-grade access to the public switched telephone network. Through its interconnection arrangements with local telephone companies, including the Micronesian Telephone Company, all customers of Saipancell are able to make and receive calls on the public switched telephone network within the specified bandwidth.

b. Local Usage. Beyond providing access to the public switched network, an ETC must include local usage as part of a universal service offering. To date, the FCC has not quantified a minimum amount of local usage required to be included in a universal service offering, but has initiated a separate proceeding to address this issue. *See Federal-State Joint Board on Universal Service, Memorandum Opinion and Order and Further Notice of Proposed Rulemaking*, 13 FCC Rcd 21252 (1998) ("*October 1998 NPRM*"). As it relates to local usage, the NPRM sought comments on a definition of the public service package that must be offered by all ETCs. Specifically, the FCC sought comments on how much, *if any*, local usage should be required to be provided to customers as part of a universal service offering. *October 1998 NPRM* at 21277-21281. In the *Universal Service Order*, the FCC deferred a determination on the amount of local usage that a carrier would be required to provide. *Universal Service Order* at 8813. Any minimum local usage requirement established by the FCC as a result of the *October 1998 NPRM* will be applicable to all designated ETCs, not simply wireless service providers. Saipancell will comply with any and all minimum local usage requirements adopted by the FCC. Saipancell will meet the local usage requirements by including local usage as part of a universal service offering.

c. Dual-tone, multi-frequency ("DTMF") signaling, or its functional equivalent. DTMF is a method of signaling that facilitates the transportation of call set-up and call detail information. Consistent with the principles of competitive and technological neutrality, the FCC permits carriers to provide

signaling that is functionally equivalent to DTMF in satisfaction of this service requirement. 47 C.F.R. § 54.101(a)(3). Saipancell currently uses out-of-band digital signaling and in-band multi-frequency ("MF") signaling that is functionally equivalent to DTMF signaling. Saipancell therefore meets the requirement to provide DTMF signaling or its functional equivalent.

d. Single-party service or its functional equivalent. "Single-party service" means that only one party will be served by a subscriber loop or access line in contrast to a multi-party line. *Universal Service Order* at 8810. The FCC concluded that a wireless provider offers the equivalent of single-party service when it offers a dedicated message path for the length of a user's particular transmission. *Universal Service Order* at 8810. Saipancell meets the requirement of single-party service by providing a dedicated message path for the length of all customer calls.

e. Access to emergency services. The ability to reach a public emergency service provider by dialing 911 is a required service in any universal service offering. Enhanced 911 or E911, which includes the capability of providing both automatic numbering information ("ANI") and automatic location information ("ALI"), is only required if a public emergency service provider makes arrangements with the local provider for the delivery of such information. See *Universal Service Order* at 8815-17. Saipancell currently provides all of its customers with access to emergency service by dialing 911 in satisfaction of this requirement. To date, no public emergency service provider in Saipan has requested E-911 service from Saipancell.

f. Access to operator services. Access to operator services is defined as any automatic or live assistance provided to a consumer to arrange for the billing or completion, or both, of a telephone call. *Universal Service Order*, 8817-18. Saipancell meets this requirement by providing all of its customers with access to operator services provided by either the Company or other entities (e.g., LECs, IXC, etc.)


g. Access to interexchange service. A universal service provider must offer consumers access to interexchange service to make and receive toll or interexchange calls. Equal access, however, is not required. "The FCC do[es] not include equal access to interexchange service among the services supported by universal service mechanisms." *Universal Service Order* at 8819. Saipancell presently meets this requirement by providing all of its customers with the ability to make and receive interexchange or toll calls through direct interconnection arrangements the Company has with several IXCs. Additionally, customers are able to reach their IXC of choice by dialing the appropriate access code.

h. Access to directory assistance. The ability to place a call to directory assistance is a required service offering. *Universal Service Order* at 8821. Saipancell meets this requirement by providing all of its customers with access to directory assistance by dialing "411" or "555-1212".

i. Toll limitation for qualifying low-income consumers. An ETC must offer either "toll control" or "toll blocking" services to qualifying Lifeline customers at no charge. The FCC no longer requires an ETC to provide both services as part of the toll limitation service required under 47 C.F.R. § 54.101(a)(9). See *Universal Service Fourth Order on Reconsideration*, FCC 97-420 (Dec. 30, 1997). In particular, all ETCs must provide toll blocking, which allows customers to block the completion of outgoing toll calls. *Universal Service Order* at 8821-22. Saipancell currently has no Lifeline customers because only carriers designated as an ETC can participate in Lifeline. See 47 C.F.R. § 54.400-415. Once designated as an ETC, Saipancell will participate in Lifeline as required, and will provide toll blocking capability in satisfaction of the FCC's requirement. Today, the Company provides toll-blocking services for international calls and customer selected toll calls. Accordingly, Saipancell currently has the technology to provide toll blocking and will use this technology to provide the service to its Lifeline customers, at no charge, as part of its universal service offerings.

8. Saipancell will provide the supported services using its existing network infrastructure, which includes the same antenna, cell-site, tower, trunking, mobile switching, and interconnection facilities used by the company to serve its existing conventional mobile cellular service customers.

9. I declare under penalty of perjury that the foregoing is true and correct. Executed
on 2/12/02, 2002.



Mark Chamberlin
Senior Vice President
Guam Cellular and Paging, Inc.

EXHIBIT C

DECLARATION UNDER PENALTY OF PERJURY

I, Jay Shedd, do hereby declare under penalty of perjury as follows:

1. I am Senior Vice President for Guam Cellular and Paging d/b/a Saipancell.
2. I have reviewed the foregoing Petition and the facts stated therein, of which I have personal knowledge, are true and correct to the best of my knowledge.
3. I received the attached letter from the Commonwealth Utilities Corporation stating that it has no objection to the federal government processing the Eligible Telecommunications Carrier application of Saipancell for designation in Saipan.
4. To the best of my knowledge, the Petitioner referred to in the foregoing Petition, including all officers, directors, or persons holding 5% or more of the outstanding stock or shares (voting and/or non voting) of the applicant as specified in 1.2002(b) of the Commission's rules are not subject to a denial of federal benefits, including FCC benefits, pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. §862.
4. I declare under penalty of perjury that the foregoing is true and correct. Executed on 2/12, 2002.



Jay Shedd
Senior Vice President and General Manager
Guam Cellular and Paging

CERTIFICATE OF SERVICE

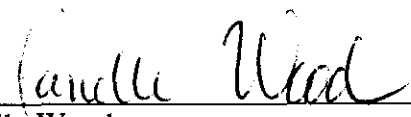
I, Janelle Wood, a secretary in the law office of Lukas, Nace, Gutierrez & Sachs, hereby certify that I have, on this 19th day of February, 2002, placed in the United States mail, first-class postage pre-paid, a copy of the foregoing Petition for Designation as an Eligible Telecommunications Carrier in the Territory of Guam filed today to the following:

*Katherine Schroder
Chief, Accounting Policy Division
Common Carrier Bureau
Federal Communications Commission
445 12th Street, S.W.
Room 5-A423
Washington, D.C. 20554

*Richard Smith
Accounting Policy Division
Common Carrier Bureau
Federal Communications Commission
445 12th Street, S.W.
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Micronesia Telephone Corporation
c/o Verizon Pacifica
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Janelle Wood

***via hand delivery**